



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 15, 2008
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 2642 – Supplemental Appropriations Bill of 2008

The Administration strongly opposes H.R. 2642, Supplemental Appropriations Bill of 2008, in its current form. Four weeks ago and prior to the development of this legislation, the President made clear that an acceptable bill must provide our troops the resources they need, while not tying the hands of our commanders or imposing artificial timelines for withdrawal. The President also made clear that this bill must be fiscally responsible and not exceed the \$108.1 billion request for fiscal year (FY) 2008 that was delivered to Congress months ago. Because Congress has failed to address these criteria as described below, if this bill were presented to the President in its current form, he would veto it.

As General David Petraeus and Ambassador Ryan Crocker recently testified to Congress, our strategy in Iraq is working to bring greater security and allowing for political progress. These positive developments are in the national interest of the United States. Both the Administration and the Congress must continue to support our brave men and women in uniform that have made this success possible.

Amendment number two to the bill seeks to tie the hands of our military commanders and impose an artificial timeline for withdrawal. Precipitous withdrawal from Iraq would embolden our enemies and confirm their belief that America will not stand behind its commitments. It could lead to a safe haven in Iraq for terrorism that could be used to attack America and our interests around the world, and is likely to unleash chaos in Iraq that could spread across the region.

Additionally, the Administration strongly opposes attempts to limit the much needed flexibilities of our commanders in the field during this and future conflicts by codifying current policy regarding deployment schedules. The Administration also strongly opposes a provision in the bill which would require that Executive Branch Agencies use only interrogation techniques authorized by the Army Field Manual. Such a provision would unduly limit the United States' ability to conduct lawful interrogations of senior al Qaeda terrorists and obtain intelligence needed to protect Americans from attack. It would make interrogations of such terrorists less effective because the Manual is publicly available and the techniques described therein can be anticipated by the terrorists.

This legislation includes billions of dollars of unrequested domestic spending. The Administration has offered responsible solutions for domestic concerns that do not require additional government spending, and the Administration urges Congress to adopt our approach. The Administration believes there is a time and place where domestic funding should be debated and considered on its merits, but that is not in a bill focused on the emergency needs of our

troops.

The Administration supports enhancements to the Montgomery GI Bill and to that end transmitted a legislative proposal on April 25, 2008 to allow for the transferability of unused education benefits to spouses or dependent children. Any additional legislation should reward those who have agreed to serve while strengthening our all volunteer force as outlined by the Secretary of Defense in his letter to the Senate Armed Services Committee. To that end, we are concerned that provisions included in this bill could harm retention rates within the armed forces. The Administration looks forward to addressing these issues with Congress in the context of future legislation.

The unemployment rate is 5.0 percent -- a low rate by historical and economic standards. The current unemployment insurance program already provides significant assistance; including six months of benefits and extended benefits beyond six months if a state has a high and rising unemployment rate. Increasing and extending unemployment insurance benefits beyond those currently available would be counterproductive for promoting increased employment and lower unemployment, and would significantly alter the purpose of the program.

Amendment number three to the bill would block the Centers for Medicare & Medicaid Services (CMS) from implementing important regulations protecting the fiscal integrity of the Medicaid program, would put billions of dollars of Federal funds at risk, and would turn back progress that has already been made to stop waste, fraud and abuse.

In addition, amendment number three to the bill would impose a tax increase on individuals and owners of small businesses, totaling more than \$50 billion over ten years. A tax increase would be harmful to jobs and economic growth, and the President has been clear that tax increases are unacceptable. If the bill presented to the President contains a tax increase, he will veto it.

Other Concerns

The Administration submitted to Congress a partial year request for our troops in FY 2009, which includes account level detail for the allocation included in the President's FY 2009 Budget. If Congress chooses to provide funding for FY 2009 it must remain focused on our troops and national security and not be a vehicle for additional domestic spending.

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